

RELIEF OF TREASURER OF UNITED STATES FOR LOST BONDS.

JANUARY 15, 1921.—Committed to the Committee of the Whole House and ordered to be printed.

Mr. EDMONDS, from the Committee on Claims, submitted the following

REPORT.

[To accompany H. R. 15695.]

The Committee on Claims, to whom was referred the bill (H. R. 15695) for the relief of the Treasurer of the United States for lost bonds without the fault or negligence on the part of said Treasurer, having considered the same, report thereon with a recommendation that it do pass with the following amendment:

In lines 1 and 2, page 4, strike out "sixty thousand eight hundred and ninety-one," and substitute therefor the words "six hundred and eight thousand one hundred and ninety-one."

In line 3, page 4, strike out the words "representing a part."

This bill is for the relief of the Treasurer of the United States for bonds lost without fault on the part of the said Treasurer.

In December, 1918, the Peoples National Bank of Hillsboro, Ill., wrote the reserve bank of St. Louis, Mo., to forward to the Treasurer of the United States five \$1,000 coupon bonds for postal savings securities, and instead of sending bonds to the Treasurer of the United States, the reserve bank sent them to the Secretary of the Treasury. The Treasurer's Office knew nothing about the bonds until a letter was received from the bank at Hillsboro, Ill., about 10 days later, and upon investigation a receipt book in the Secretary's Office showed the signature of a girl in the Treasurer's Office, and a colored messenger claimed to have brought the package to the Treasurer's Office at 4.30 in the evening, just at the time when everyone was going home. The lady in the Treasurer's Office recognized her signature but did not remember the occasion, it being about two weeks later. A thorough search was made for the bonds but they have not been found.

On July 14, 1920, the First National Bank of Fairmount, N. Dak., sent to the Treasurer of the United States coupon bonds amounting to \$2,950 to be exchanged for registered bonds. The Treasurer has nothing to do with registered bonds and in this case the bonds should have been sent to the Secretary of the Treasury, Loans and Currency Division. A record was made of them in the Treasurer's Office and they were sent to the Secretary's Office by messenger, but the records do not show that they ever reached there.

These are the only losses of the kind, and there would have been no loss in either case if the bonds had been sent to the proper office. Congress has always relieved the Treasurer for losses without fault on his part. The losses seem very small when the tremendous volume of business the war brought to the Treasurer's Office is considered.

Attached hereto and made a part of this report are two letters from the Secretary of the Treasury addressed to the Speaker of the House of Representatives, giving the facts in these two cases more in detail.

TREASURY DEPARTMENT,
Washington, May 5, 1920.

THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

SIR: I have the honor to transmit herewith for the favorable consideration of the Congress an estimate of appropriation providing for the relief of the Treasurer of the United States on account of the loss of certain second Liberty loan converted 4½ per cent bonds of the face amount of \$5,000, which were forwarded in December, 1918, by the Peoples National Bank of Hillsboro, Ill., for deposit with the Treasurer of the United States as security for postal savings funds.

The circumstances surrounding the loss of the bonds after their receipt at the Treasury Department are fully set forth in the accompanying letter of the Treasurer of the United States, wherein it is shown that while the loss was without fault or negligence on the part of the Treasurer, the bank, though blameless, is an innocent sufferer in the transaction, there being no way to effect an adjustment of the loss unless the Congress shall authorize the purchase of other bonds to replace those lost.

Therefore, it is requested that the necessary appropriation be provided for this purpose and a draft of proposed legislation is suggested for enactment to meet the requirements of the case, as follows:

"That there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$5,000, or so much thereof as may be necessary, to be used by the Secretary of the Treasury for the purchase, at not more than par and accrued interest, of second Liberty loan converted 4½ per cent bonds to the face amount of \$5,000, and for the payment of an amount of interest equivalent to the interest on \$5,000 face amount of such bonds from November 15, 1918, to the interest-payment date next preceding the delivery of such bonds, for the purpose of the relief of the Treasurer of the United States on account of the loss of second Liberty loan converted 4½ per cent coupon bonds numbered 1141320, 1141321, 1141322, 1141323, and 1141324, in the denomination of \$1,000 each, contained in a sealed registered package forwarded to the Treasury Department by the Peoples National Bank of Hillsboro, Illinois, to be held as security for deposits of postal savings funds to be placed with said bank, which registered package containing said bonds was receipted for at the Treasury Department on December 27, 1918, after which all trace was lost of said registered package, and though diligent search therefor has been made, said bonds above described have not been found or recovered."

Respectfully,

D. F. HOUSTON, *Secretary.*

TREASURY DEPARTMENT,
Washington, February 25, 1920.

THE SECRETARY OF THE TREASURY.

MY DEAR MR. SECRETARY: I have the honor to submit for your consideration a statement of facts regarding the loss of certain Liberty loan bonds forwarded in December, 1918, by the Peoples National Bank of Hillsboro, Ill., and intended for deposit with the Treasurer of the United States as security for postal savings funds.

The loss should be made good to the Peoples National Bank of Hillsboro, Ill., but it can be done only by authority of the Congress, and in view of the facts of the case it appears to me that the Treasury Department should present the matter for the consideration of the Congress so that appropriate relief may be granted by law.

The history of the matter is as follows:

In December, 1918, the Peoples National Bank of Hillsboro, Ill., wrote a letter to the reserve bank in St. Louis, in which letter they stated specifically that said reserve bank was to send \$5,000 in United States 4½ per cent second Liberty loan converted bonds, Nos. 1141320-1141324, inclusive, for \$1,000 each, with attached interest coupons from November 15, 1918, to the Treasurer of the United States for account of the Peoples National Bank of Hillsboro, Ill., as security for postal savings funds. Instead of following the directions the reserve bank, on the 24th of December, 1918, sent the bonds to the Secretary of the Treasury, Division of Loans and Currency. On December 31, 1918, a notice was received from the reserve bank that the bonds had been shipped. This office had no record of ever having received the bonds, but on investigation it was found from the records in the Mail and Files Division, Office of the Secretary of the Treasury, that a Miss Hefner, in the Treasurer's Office, had receipted for a package which is claimed to have contained the bonds. Miss Hefner, however, had no recollection whatever of receipting for the bonds or of the bonds being delivered, but she did recognize her signature and stated that it was hers. Had these bonds been directed to the Treasurer of the United States, as the reserve bank was specifically directed to send them, they would have come to the Mail Division of the Treasurer's Office, a record made, and then would be delivered to the Securities Division and a receipt taken for them. This is the regular practice in the Treasurer's Office, and although we have received billions of dollars in moneys and securities, we never have lost a penny or a security which was properly directed to the Treasurer's Office.

It further appeared from the investigation that the package which was claimed to have contained the bonds was brought by a colored boy at 4.30 in the evening, just at a time when the employees were leaving the office. A thorough search was made for the bonds in every part of the securities division, but they could not be found. They may have gotten into the waste and have been destroyed, or, if they were taken by an employee in the office, may have been destroyed when it was known that the loss was discovered and that the Secret Service was making an investigation. From the search made by the chief of the securities division and his assistants and employees it seems certain that they are not in the Treasurer's office. While the Secret Service officers have not made any formal report, they have not been able to trace the bonds, and the men working on the case have expressed a belief to me that the bonds were lost.

The loss in this case was without negligence or fault on the part of the Treasurer of the United States, and I request that in order to provide for replacing the lost bonds you transmit to Congress an estimate of appropriation for the purchase of second Liberty loan converted 4½ per cent bonds to the face amount of \$5,000, and for the payment of an amount of interest equivalent to the interest on \$5,000, face amount of such bonds, from November 15, 1918, to the interest payment date next preceding the delivery of such bonds, and a draft of proposed legislation is suggested as appropriate in this case, as follows:

"That there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$5,000, or so much thereof as may be necessary, to be used by the Secretary of the Treasury for the purchase, at not more than par and accrued interest, of second Liberty loan converted 4½ per cent bonds to the face amount of \$5,000, and for the payment of an amount of interest equivalent to the interest on \$5,000, face amount of such bonds, from November 15, 1918, to the interest payment date next preceding the delivery of such bonds, for the purpose of the relief of the Treasurer of the United States on account of the loss of second Liberty loan converted 4½ per cent coupon bonds numbered 1141320, 1141321, 1141322, 1141323, and 1141324, in the denomination of \$1,000 each, contained in a sealed registered package forwarded to the Treasury Department by the Peoples National Bank of Hillsboro, Illinois, to be held as security for deposits of postal savings funds to be placed with said bank, which registered package containing said bonds was receipted for at the Treasury Department on December 27, 1918, after which all trace was lost of said registered package, and though diligent search therefor has been made, said bonds above described have never been found or recovered."

Very truly, yours,

JOHN BURKE,
Treasurer of the United States.

TREASURY DEPARTMENT,
Washington, January 6, 1921.

THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

SIR: I have the honor to transmit herewith for the favorable consideration of the Congress an estimate of appropriation providing for the relief of the Treasurer of the United States on account of the loss of certain Liberty loan 4 per cent coupon bonds of the face amount of \$2,950, which were forwarded to the Treasurer of the United States on July 14, 1920, by the First National Bank of Fairmount, N. Dak., which were intended for exchange for registered bonds of like denominations.

The circumstances surrounding the loss of the bonds after their receipt at the Treasury Department on July 19, 1920, are fully set forth in the accompanying letter of the Treasurer of the United States, wherein it is shown that the loss was without fault or negligence on the part of the Treasurer, and the bank, though blameless, is an innocent sufferer in the transaction, there being no way to effect an adjustment of the loss unless the Congress shall authorize the purchase of other bonds to replace those lost.

Therefore it is requested that the necessary appropriation be provided for this purpose, and a draft of proposed legislation is suggested for enactment to meet the requirements of the case, as follows:

"That there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$2,950, or so much thereof as may be necessary, to be used by the Secretary of the Treasury for the purchase, at not more than par and accrued interest, of second Liberty loan 4 per cent bonds to the face amount of \$2,700, and for the payment of an amount of interest equivalent to the interest on \$2,700 face amount of such bonds from May 15, 1920, to the interest-payment date next preceding the delivery of such bonds; and also, at not more than par and accrued interest, third Liberty loan 4½ per cent bonds to the face amount of \$250, and for the payment of an amount of interest equivalent to the interest on \$250 face amount of such bonds from March 15, 1920, to the interest-payment date next preceding the date of delivery of such bonds for the purpose of the relief of the Treasurer of the United States on account of the loss of second Liberty loan 4 per cent coupon bonds numbered 12603, 12604, 12605, and 378701 in denominations of \$500 each, 704008, 704024, 830898, 830922, 2087501, and 2087515 in denominations of \$100 each, 1230424 and 1230425 in denominations of \$50 each, and third Liberty loan 4½ per cent coupon bonds numbered 333481 and 333482 in denominations of \$100 each and 608191 in the denomination of \$50, representing a part of the contents of a sealed registered package forwarded to the Treasury Department by the First National Bank of Fairmount, North Dakota, to be exchanged for registered bonds of like denominations, which registered package was receipted for at the Treasury Department on July 19, 1920, was inadvertently dropped by a messenger in the corridor of the Treasury Building, and was picked up and carried away by an unknown person, who afterward returned in an anonymous letter bonds to the amount of \$400, acknowledging having seen the package dropped in the Treasury Building, having carried it away and having retained for his immediate needs bonds to the amount of \$2,950."

Respectfully,

D. F. HOUSTON, *Secretary.*

DECEMBER 17, 1920.

THE SECRETARY OF THE TREASURY.

SIR: I have the honor to submit for your consideration a statement of facts regarding the loss of certain Liberty loan coupon bonds forwarded to this office by the First National Bank of Fairmount, N. Dak., July 14, 1920, which were intended for exchange for registered bonds of like denominations. It appears that the loss should be made good to the First National Bank of Fairmount, N. Dak., but it can be done only upon authority of the Congress, and in view of the facts in the case it appears to me that the Treasury Department should present the case for consideration of the Congress so that appropriate relief may be granted by law.

The history of the transaction is as follows:

On August 13, 1920, there was received in this office an anonymous letter with which were inclosed five coupon bonds of the third Liberty loan, as follows:

No. 6377366.....	\$100
No. 6377367.....	100
No. 6377368.....	100
No. 13520810.....	50
No. 13520811.....	50
Total.....	400

In the anonymous letter, which bore no date, but which was postmarked Washington, D. C., and signed "Sam Needmuch, Somewhere in America," it was stated that several weeks before the writer was in the Treasury and saw a small boy drop a package in the corridor which he (the writer) picked up and found contained Liberty bonds. He stated that as he was very much in need of financial assistance at the time he carried the bonds away with him, but found that the amount was greater than he needed, consequently he was returning bonds aggregating \$400, and would, in the course of events, return the equivalent of the bonds he had kept, which, he stated, should be looked upon as a loan. The five bonds returned which have been described hereinbefore were indorsed with the following names: No. 6377366, C. R. Pinkey; No. 6377367, Charles R. Pinkey; No. 6377368, Agnes Pinkey; No. 13520810, Paul S. Pinkey; No. 13520811, Paul S. Pinkey.

This office being unable to identify the bonds referred the case to the Secret Service Division for its investigation. The investigation of the Secret Service Division disclosed that the package containing the five bonds referred to above, together with other Liberty loan bonds aggregating \$2,950, was forwarded by the First National Bank of Fairmount, N. Dak., to the Treasurer of the United States on July 14, 1920, by registered mail under registry number 18. It was then discovered that the package had been received in the registered mail section of this office on July 19, 1920, properly recorded and delivered to the Redemption Division of this office under the belief that the package contained mutilated currency for redemption.

When it was discovered in the Redemption Division that the package contained Liberty bonds, it was immediately forwarded by messenger to the unregistered mail section, where it was properly receipted for and delivered to a messenger with instructions that it be returned to the Registered Mail Section for delivery to the Division of Loans and Currency. It is presumed that the loss took place between the Unregistered Mail Section and the Registered Mail Section and that the messenger did not discover the loss or avoided reporting it to the proper official.

The Secret Service Division has found that four other bonds of \$500 each contained in the package have been exchanged for permanent coupon bonds and it is believed that there will be further developments in the case.

The Secret Service Division obtained from the First National Bank of Fairmount, N. Dak., a copy of its letter of July 14, 1920, signed by J. A. Lynne, assistant cashier, with which the lost bonds were transmitted to this office and in that letter bonds described as follows, which it appears should be replaced, and the five bonds returned to this office with the anonymous letter were enumerated.

Second Liberty loan:

No. 12603.....	\$500.
No. 12604.....	500
No. 12605.....	500
No. 378701.....	500
No. 704008.....	100
No. 704024.....	100
No. 830898.....	100
No. 830922.....	100
No. 1230424.....	50
No. 1230425.....	50
No. 2087501.....	100
No. 2087515.....	100

Total..... \$2,700

Third Liberty loan:

No. 333481.....	100
No. 333482.....	100
No. 608191.....	50

Total..... 250

Grand total..... 2,950

I desire to call your attention to the fact that since the beginning of the war the Treasurer's Office has operated at a very great disadvantage on account of it being impossible to obtain space such as was absolutely necessary in order that the business of the office could be conducted under conditions satisfactory to me or others concerned. This loss is the direct result of the mail section of the office being divided, one unit of which was located just inside the north entrance to the building and the other at the

extreme west end of the middle corridor, making it necessary to transmit great numbers of valuable packages between the two units, a distance of practically a city block, by messenger. It was while making a transfer between the two units that this loss occurred, and, although the office has operated under these extreme disadvantages, your attention is invited to the fact that while hundreds of millions of dollars have been handled in the mail section of the office this is the first case of loss in that section.

I am pleased to state that additional space has been obtained, and the two units of the mail section have been brought together in such way that a loss of this kind is now impossible.

In view of the foregoing, I respectfully request that in order to provide for replacing the lost bonds you transmit to Congress an estimate for an appropriation for the purchase of second Liberty loan bonds to the face amount of \$2,700 and for the payment of an amount of interest equivalent to the interest on \$2,700 face amount of such bonds from May 15, 1920, to the interest payment date next preceding the date of delivery of such bonds to the First National Bank of Fairmount, N. Dak., and for the purchase of third Liberty loan bonds to the face amount of \$250 and for the payment of an amount of interest equivalent to the interest on \$250 face amount of such bonds from March 15, 1920, to the interest payment date next preceding the delivery of such bonds to the said bank, and a draft of proposed legislation is suggested as appropriate in the case as follows:

That there is hereby appropriated of any money in the Treasury not otherwise appropriated the sum of \$2,950, or so much thereof as may be necessary, to be used by the Secretary of the Treasury for the purchase, at not more than par and accrued interest, of second Liberty loan bonds to the face amount of \$2,700 and for the payment of an amount of interest equivalent to the interest on \$2,700 face amount of such bonds from May 15, 1920, to the interest payment date next preceding the delivery of such bonds, and the sum of \$250, or so much thereof as may be necessary, to be used by the Secretary of the Treasury for the purchase, at not more than par and accrued interest, of third Liberty loan bonds to the face amount of \$250, and for the payment of an amount of interest equivalent to the interest on \$250 face amount of such third Liberty loan bonds from March 15, 1920, to the interest payment date next preceding the date of delivery of such bonds for the purpose of the relief of the Treasurer of the United States on account of the loss of second Liberty loan coupon bonds numbered 12603, 12604, 12605, and 378701, in denominations of \$500 each, 704008, 704024, 830898, 830922, 2087501, and 2087515, in denominations of \$100 each, 123042 and 1230425, in denominations of \$50 each, and third Liberty loan coupon bonds numbered 333481 and 333482, in denominations of \$100 each, and 608191, in the denomination of \$50, representing a part of the contents of a sealed registered package forwarded to the Treasury Department by the First National Bank of Fairmount, N. Dak., to be exchanged for registered bonds of like denominations, which registered package was receipted for at the Treasury Department on July 19, 1920, was inadvertently dropped by a messenger in the corridor of the Treasury Building, and was picked up and carried away by an unknown person, who afterwards returned in an anonymous letter bonds to the amount of \$400, acknowledging having seen the package dropped in the Treasury Building, having carried it away, and having retained for his immediate needs bonds to the amount of \$2,950.

Very truly, yours,

JOHN BURKE,
Treasurer of the United States.

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